



## King County Mental Health Chemical Abuse and Dependency Services Division 2002 Briefing Paper

### REDISTRIBUTION FORMULA CUTS TO MENTAL HEALTH FUNDING

#### **BACKGROUND:**

In 2000 the Joint Legislative Audit and Review Committee (JLARC) recommended to the legislature that rates paid to Regional Support Networks (RSN) across the state be standardized. This recommendation is being followed, regardless of the reasons that the rates differed across the state. Because of the devastating nature of the cuts to three RSNs (King, Pierce, and Peninsula), the cuts are being phased-in over six years. We are currently in the second year of the phase-in.

#### **ISSUES/CHALLENGES:**

According to JLARC, King RSN had the highest rates in the state. Partly this is due to historical funding formulas. However, a significant part of the difference is due to two contracts that King RSN assumed from the state. In the early 1990s King RSN assumed the responsibility (and the funding) for residential contracts that had previously been held directly by the state. In the mid-1980s King RSN assumed the responsibility (and the funding) for maintaining 85% of its short-term involuntary commitments in the community, rather than sending them to Western State Hospital (WSH). This resulted in decreased pressure on the state hospital, which was in danger of losing its accreditation due to over-crowding. Both of these historical funding increases were ignored by the findings of JLARC.

The resulting redistribution formula takes money away from King, Pierce, and Peninsula RSNs and redistributes it to the other eleven RSNs, without making a provision for how those three RSNs should maintain the services that have been provided in their communities. Because of these funding reductions, King RSN is undergoing cuts to services. Cuts in 2002 include reductions in the rates paid to community providers for Medicaid-eligible clients, cuts in access to services for non-Medicaid eligible clients (which include many homeless and non-English speaking individuals), cuts in specialized programming such as wrap-around services for children and services to homeless individuals outside of Seattle, and crisis services and crisis respite care for children and adults. Cuts in 2003 are expected to include cuts again in the rates paid to community providers for Medicaid-eligible clients, more cuts in access to services for non-Medicaid eligible clients, cuts in beds available for short-term involuntary commitments, and cuts to the Crisis Triage Unit which has provided a single point of entry into treatment for adults and children with both mental health problems and alcohol or substance abuse problems. These cuts will result in more pressure on law enforcement, hospital emergency rooms, the criminal justice system, and social service providers.

#### **DATA:**

<b>King RSN Funding Reduction</b>	<b>Historical Distribution Formula</b>	<b>New Distribution Formula</b>	<b>Difference (Loss to King RSN)</b>
State Fiscal Year 02	\$91,635,537	\$89,700,929	(\$1,934,608)
State Fiscal Year 03	\$91,961,372	\$88,096,921	(\$3,864,451)
State Fiscal Year 04	\$92,124,869	\$86,331,837	(\$5,793,031)
State Fiscal Year 05	\$92,288,656	\$84,569,522	(\$7,719,134)
State Fiscal Year 06	\$92,452,735	\$82,806,543	(\$9,646,192)
State Fiscal Year 07	\$92,617,106	\$81,055,659	(\$11,561,446)
<b>Total SFY 02-07</b>	<b>\$553,080,274</b>	<b>\$512,561,412</b>	<b>(\$40,518,862)</b>

**RECOMMENDATION/LEGISLATIVE ACTION:**

These redistribution formula cuts are in addition to cuts approved by the 2002 State Legislature reducing the inpatient rate by \$2.2M and cuts to King County's reserves by \$7.8M for State Fiscal Year 2003. The joint impact of these funding reductions is to devastate the continuum of mental health care in King RSN and to shift costs for mentally ill individuals to law enforcement, hospital emergency rooms, the criminal justice system, and social service providers. These state cuts have resulted in local cuts in service to vulnerable individuals, and the cuts will continue to deepen. We urge that funding be restored to King RSN to offset the impact of these reductions and that no more cuts be levied at King County in the next session. We also request that King County be allowed to maximize the federal Medicaid funding we can draw down through the state by providing local match dollars. This option results in additional service dollars in the King County community without costing state funds.